Hike in Jet fuel prices

4160. SHRIMATI SYEDA ANWARA TAIMUR:
SHRI VIJAY J. DARDA:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Jet fuel prices have been raised seven times in the past ten months in 2007, thereby pushing up operating costs and hitting profitability of the airlines;

(b) if so, what percentage of expenditure is attributable to fuel costs in view of other huge costs relating to aircraft acquisition, hiring pilots, cabin crew, ground handling services, etc.; and

(c) whether exercising utmost economy in enhancing expenditure, the rising cost of fuel cannot be absorbed so that middle class passengers are not unduly burdened with periodic increase in fare?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Yes, Sir.

(b) At present, fuel cost is accounting for 45 to 50% of the total operating cost.

(c) State Governments have been requested to consider moderation of the rate of salex tax imposed on Aviation Turbine Fuel (ATF) and align it with the "Declared Goods" rate of 4%. Governments of Andhra Pradesh and Kerala have since reduced the sales tax on ATF to 4%. Government of Rajasthan has also reduced the sales tax on ATF to 4% in case of the following:—

1. Airlines which establish a 'HUB' in the State.

2. Registered Flying clubs for their training flights; and

3. Airlines which for the first time connect cities of the State having no air service, the exemption would be limited to such flights only.

Government of Maharashtra has also announced reduction of Sales tax on ATF from 25% to 4% for flights from airports other than Pune and Mumbai.

Discussion with State Governments for aviation issues

4161. SHRI JESUDASU SEELAM: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether his Ministry convened a meeting with State Governments to discuss issues on infrastructure and taxation to decrying connectivity problems bogging many airports in the country, especially in Banagalore and Hyderabad;

(b) whether there was a need for the States to reduce taxation on turbine fuel and indicate the reasons to involve in the discussions;

(c) whether the Aviation Turbine Fuel (ATF) forms 40 per cent of input costs of an airline and it is the deciding factor for the fares charged;

(d) what was the outcome of the discussions held; and

(e) to what extent the State Governments have agreed to Centre's proposal?